

EXHIBIT C

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1 IN THE UNITED STATES DISTRICT COURT
2 FOR THE EASTERN DISTRICT OF VIRGINIA
3 Alexandria Division
4 -----)
5 ePLUS, INC.,)
6 Plaintiff,)
7 v.) Civil Action No.
8 ARIBA, INC.,) 1:04:CV612
9 Defendant.)
10 -----)

11
12 Friday, October 8, 2004
13 Washington, D.C.
14

15 VIDEOTAPED DEPOSITION OF KLEYTON L. PARKHURST
16

17 The videotaped deposition of Kleyton L. Parkhurst was
18 held Friday, October 8, 2004, commencing at 9:00 a.m.,
19 held at the offices of Howrey, Simon, Arnold & White,
20 1299 Pennsylvania Avenue, Northwest, Conference Room
21 2-C, Washington, D.C., before Bess A. Avery, Registered
22 Merit Reporter.

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1 necessary?
 2 A I think it's necessary for GAAP and tax
 3 purposes when you buy assets.
 4 Q Who is the audience for this document? Who
 5 was it written for?
 6 A Ultimately the auditors.
 7 Q Okay. I ask you to turn to page 348,
 8 please. It says: EPlus has become owner under --
 9 Number 4, Patents: EPlus has become the owner of a
 10 number of patents upon buying these two companies from
 11 ProcureNet. It is estimated by ePlus management that
 12 the fair market value of all such patents is twelve
 13 thousand dollars.
 14 What does the writer mean when he uses the
 15 phrase ePlus management?
 16 A Well, I think he would be referring to ePlus
 17 management.
 18 Q Is he referring to -- I mean, well, who did,
 19 who performed the estimate that he's referring to
 20 here?
 21 A I don't know who performed the estimate.
 22 Q Was it probably Mr. Arora?

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1 come up with what we think the fair market value is.
 2 Since we hadn't done any patent valuation or hired any
 3 person to value the patents, we had no expertise
 4 internally to do that, and that was the best, you
 5 know, best answer. So Mr. Mencarini says that fair
 6 market value is the cost of acquiring those patents,
 7 the legal fees that it took to acquire those patents
 8 from ProcureNet for the purposes of GAAP accounting.
 9 Q Okay. So it's not based, then, upon the
 10 expected useful economic life of such patents and
 11 estimated value of similar patents held by others, is
 12 it?
 13 A It must be if that's what this report says,
 14 which has been audited three times by Deloitte.
 15 Q What you just testified to is when you spoke
 16 to Mr. Mencarini he told you that fair market value is
 17 determined by the legal cost of acquiring those
 18 patents from ProcureNet. That's distinct --
 19 A The cost of having the patents assigned.
 20 Q Okay. That's distinct, isn't it, from the
 21 expected useful economic life of such patents?
 22 A Well, at that point in time we didn't have

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1 A I subsequently learned that the numerical
 2 value was the estimated cost of having the patent
 3 assigned.
 4 Q The twelve thousand dollars?
 5 A Yes.
 6 Q So the cost of having the patents assigned,
 7 what would that entail?
 8 A Legal fees, I imagine.
 9 Q Anything else?
 10 A I don't know what it takes to assign patents
 11 so I don't know. Filing fees maybe.
 12 Q How did you come to understand this?
 13 A As the 30(b)(6) representative specifically
 14 tasked with answering Number 19 I wanted to be able to
 15 explain what the twelve thousand dollar number, how it
 16 was derived.
 17 Q To whom did you speak about that?
 18 A Steve Mencarini.
 19 Q And do you have an understanding of why he
 20 used that criteria to determine a fair market value of
 21 the patents?
 22 A I think pursuant to GAAP we are obligated to

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1 any expectations, so the answer is true.
 2 Q When you say at that point in time you mean
 3 back at the time of the --
 4 A Acquisition.
 5 Q -- acquisition?
 6 A Right. Prior to the issuance of the third
 7 patent and our own investigation, or Hunton &
 8 Williams' investigation.
 9 Q When you say no expectation you mean the
 10 expectation held by others?
 11 A Right.
 12 Q Do you have any idea how much it cost
 13 ProcureNet to acquire the patent through the Patent
 14 and Trademark Office?
 15 A No idea.
 16 Q Is that ever part of any of your research or
 17 due diligence to figure out what they spent on them in
 18 order to acquire them?
 19 A No.
 20 Q Do you know whether they ever licensed them
 21 to anybody before the deal with you?
 22 A I know representations and warranties they